

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1023

Introduced by Assembly Member Eggman

February 22, 2013

An act to ~~amend Section 14549.2 of the Public Resources Code, relating to recycling~~, add Chapter 4.2 (commencing with Section 39724) to Part 2 of Division 26 of the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1023, as amended, Eggman. ~~Recycling: beverage containers: payments.~~ Air resources: greenhouse gas emissions.

Existing law, the California Global Warming Solutions Act of 2006, requires the State Air Resources Board to adopt a statewide greenhouse gas emissions limit. Existing law requires the California Environmental Protection Agency to identify disadvantaged communities and requires the Department of Finance to develop a specified 3-year investment plan for the expenditure of funds in the Greenhouse Gas Reduction Fund in the State Treasury to achieve reductions of greenhouse gas emissions, including increased in-state waste diversion through waste reduction, diversion, and reuse.

This bill would enact the Greenhouse Gas Reduction through Recycling, Composting, and Recycled Content Manufacturing Investment Program and would require the Department of Resources Recycling and Recovery to implement the program by expending funds appropriated by the Legislature for purposes of the program.

The bill would require the department, in consultation with the board, to annually identify industry sectors that can reduce their greenhouse

gas emissions through the increased use of recycled content or by recovering putrescible materials that would have emitted greenhouse gases if disposed. The bill would require the department to develop a market development program that would provide incentives for those eligible industry sectors to make investments for waste reduction, recycling, composting, and recycled manufacturing projects that would reduce greenhouse gas emissions. The bill would require the department to implement the market development program by disbursing funds to private or public entities in the form of incentive payments or grants for capital equipment.

The bill would require the department to give priority, when disbursing funds, to projects benefiting or located in disadvantaged communities, as specified.

~~Existing law, the California Beverage Container Recycling and Litter Reduction Act, requires a distributor to pay a redemption payment for every beverage container sold or offered for sale in the state to the Department of Resources Recycling and Recovery for deposit in the California Beverage Container Recycling Fund. The department is authorized to annually expend up to \$10,000,000, or more under specified circumstances, from the fund to make market development payments for empty plastic beverage containers, until January 1, 2017. Existing law specifies procedures and conditions for making those market development payments.~~

~~This bill would make technical, nonsubstantive changes to that payment provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) Recycling is one of the most cost-effective ways to reduce*
- 4 *greenhouse gases, and often ranks as “cost-negative” in analyses*
- 5 *evaluating cost effectiveness of various greenhouse gas reduction*
- 6 *strategies.*
- 7 *(b) Investing in the burgeoning anaerobic digestion industry*
- 8 *reduces emissions from landfills, creates a low-carbon fuel that*
- 9 *reduces emissions in the transportation sector, and generates*
- 10 *renewable energy.*

1 (c) *In addition to reducing landfill emission, the application of*
2 *compost saves .42 net tons of CO₂ for each ton composted through*
3 *soil carbon storage, and decreases water use, fertilizer use, and*
4 *soil erosion, according to data prepared by the State Air Resources*
5 *Board.*

6 (d) *The State Air Resources Board has identified California's*
7 *energy-intensive glass container manufacturing sector as a leading*
8 *generator of greenhouse gas emissions and has included this sector*
9 *as a "covered entity" under the "Cap and Trade Program"*
10 *adopted pursuant to the market-based compliance mechanism*
11 *authorized by Division 25 (commencing with Section 38500) of*
12 *the Health and Safety Code.*

13 (e) *According to data from the United States Environmental*
14 *Protection Agency, for every 1 percent increase in recycled content*
15 *in the manufacture of new glass containers, there is an approximate*
16 *1 percent decrease in total direct greenhouse gas emissions from*
17 *the manufacturer and there is also a comparable upstream benefit*
18 *that results from not having to engage in mining or processing*
19 *virgin inputs.*

20 (f) *According to a recent study from the Tellus Institute, the*
21 *collection and processing of recyclables generates nearly four*
22 *times as many jobs as compared to disposal, and domestic recycled*
23 *content processing and manufacturing of these recycled materials*
24 *adds an additional 2.5 to 18 jobs for every 1,000 tons recycled.*

25 SEC. 2. *Chapter 4.2 (commencing with Section 39724) is added*
26 *to Part 2 of Division 26 of the Health and Safety Code, to read:*
27

28 *CHAPTER 4.2. GREENHOUSE GAS REDUCTION THROUGH*
29 *RECYCLING, COMPOSTING, AND RECYCLED CONTENT*
30 *MANUFACTURING INVESTMENT PROGRAM*
31

32 39724. (a) *This chapter shall be known, and may be cited, as*
33 *the "Greenhouse Gas Reduction through Recycling, Composting,*
34 *and Recycled Content Manufacturing Investment Program."*

35 (b) *For purposes of this chapter "department" means the*
36 *Department of Resources Recycling and Recovery.*

37 39725. (a) *The department shall implement this chapter by*
38 *expending funds appropriated by the Legislature for purposes of*
39 *this chapter.*

1 (b) The department, in coordination with the state board, as
2 appropriate, shall establish the Greenhouse Gas Reduction through
3 Recycling, Composting, and Recycled Content Manufacturing
4 Investment Program pursuant to this chapter to provide incentives
5 or grants for waste reduction, recycling, composting, and recycled
6 content manufacturing projects that reduce greenhouse gas
7 emissions in this state.

8 39726. (a) The department, in consultation with the state
9 board, shall annually identify industry sectors that can reduce
10 their greenhouse gas emissions through the increased use of
11 recycled content or by recovering putrescible materials that would
12 have emitted greenhouse gases if disposed.

13 (b) The eligible industry sectors that the department may identify
14 pursuant to subdivision (a) may include, but are not limited to, all
15 of the following:

16 (1) Composting and anaerobic digestion.

17 (2) Recycled container glass manufacturing.

18 (3) Food processing.

19 (4) Recycled paper and paperboard manufacturing.

20 (5) Recycled plastic manufacturing.

21 (c) Upon identifying the eligible industry sectors pursuant to
22 subdivision (a), the department shall develop a market development
23 program that would provide incentives for those eligible industry
24 sectors to make investments for waste reduction, recycling,
25 composting, and recycled content manufacturing projects that
26 would reduce greenhouse gas emissions.

27 (d) The department shall implement the market development
28 program by disbursing funds to private or public entities in the
29 form of incentive payments or grants for capital equipment.

30 (e) The funds disbursed as investments by the department
31 pursuant to subdivision (d) shall not exceed thirty million dollars
32 (\$30,000,000) per year.

33 (f) The department shall give priority, when disbursing funds
34 for investments pursuant to this chapter, to projects benefiting or
35 located within the same disadvantaged communities that are
36 identified by the California Environmental Protection Agency
37 pursuant to Section 39711, for purposes of Chapter 4.1
38 (commencing with Section 39710). The department shall disburse
39 not less than 25 percent of the funds disbursed pursuant to this
40 chapter for projects benefiting these communities and not less than

1 *10 percent of the funds disbursed pursuant to this chapter shall*
2 *be allocated for projects located within these communities.*

3 ~~SECTION 1. Section 14549.2 of the Public Resources Code~~
4 ~~is amended to read:~~

5 ~~14549.2. (a) For purposes of this section, the following~~
6 ~~definitions shall apply:~~

7 ~~(1) “Certified entity” means a recycling center, processor, or~~
8 ~~dropoff or collection program certified by the department pursuant~~
9 ~~to this division.~~

10 ~~(2) “Product manufacturer” means a person who manufactures~~
11 ~~a plastic product in this state.~~

12 ~~(b) In order to develop California markets for empty plastic~~
13 ~~beverage containers collected for recycling in the state, the~~
14 ~~department may, consistent with Section 14581 and subject to the~~
15 ~~availability of funds, pay a market development payment to a~~
16 ~~certified entity or product manufacturer for empty plastic beverage~~
17 ~~containers collected and managed pursuant to this section.~~

18 ~~(c) The department shall make a market development payment~~
19 ~~to a certified entity or product manufacturer in accordance with~~
20 ~~this section only if the plastic beverage container is collected and~~
21 ~~either recycled or used in manufacturing, in the state, as follows:~~

22 ~~(1) The department shall make a market development payment~~
23 ~~to a certified entity for empty plastic beverage containers that are~~
24 ~~collected for recycling in the state, that are subsequently washed~~
25 ~~and processed by a certified entity into a flake, pellet, or other~~
26 ~~form in the state, and made usable for the manufacture of a plastic~~
27 ~~product by a product manufacturer.~~

28 ~~(2) The department shall make a market development payment~~
29 ~~to a product manufacturer for empty plastic beverage containers~~
30 ~~that are collected for recycling in the state, that are subsequently~~
31 ~~washed and processed into a flake, pellet or other form in the state,~~
32 ~~and used by that product manufacturer to manufacture a product~~
33 ~~in this state.~~

34 ~~(3) The department shall determine the amount of the market~~
35 ~~development payment, which may be set at a different level for a~~
36 ~~certified entity and a product manufacturer, but shall not exceed~~
37 ~~one hundred fifty dollars (\$150) per ton. In setting the amount of~~
38 ~~the market development payment for both certified entities and~~
39 ~~product manufacturers, the department shall consider all of the~~
40 ~~following:~~

1 ~~(A) The minimum funding level needed to encourage the in-state~~
2 ~~washing and processing of empty plastic beverage containers~~
3 ~~collected for recycling in this state.~~

4 ~~(B) The minimum funding level needed to encourage the in-state~~
5 ~~manufacturing that utilizes empty plastic beverage containers~~
6 ~~collected for recycling in this state.~~

7 ~~(C) The total amount of funds projected to be available for~~
8 ~~plastic market development payments and the desire to maintain~~
9 ~~the minimum funding level needed throughout the year.~~

10 ~~(4) The department may make a market development payment~~
11 ~~to both a certified entity and a product manufacturer for the same~~
12 ~~empty plastic beverage container.~~

13 ~~(d) This section shall remain in effect only until January 1, 2017,~~
14 ~~and as of that date is repealed, unless a later enacted statute, that~~
15 ~~is enacted before January 1, 2017, deletes or extends that date.~~